



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 22, 2016

S. 2795

Nuclear Energy Innovation and Modernization Act

*As ordered reported by the Senate Committee on Environment and Public Works
on May 18, 2016*

SUMMARY

The Nuclear Regulatory Commission (NRC) licenses and regulates the use of radioactive materials at civilian facilities, including nuclear reactors. S. 2795 would direct the NRC to undertake certain activities related to establishing a regulatory framework for licensing advanced reactors with significant design improvements over existing commercial reactors. The bill also would modify the NRC's authority to charge regulatory fees to entities that hold or apply for NRC licenses.

Based on information from the NRC, CBO estimates that implementing S. 2795 would cost \$47 million over the 2017-2021 period, assuming appropriation of the necessary amounts. Pay-as-you-go procedures do not apply to this legislation because enacting it would not affect direct spending or revenues. CBO estimates that enacting S. 2795 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 2795 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 2795 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By Fiscal Year, in Millions of Dollars					2017- 2021
	2017	2018	2019	2020	2021	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	10	10	10	10	10	50
Estimated Outlays	7	9	10	10	10	47

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2795 will be enacted near the start of fiscal year 2017 and that amounts estimated to be necessary will be provided at the start of each year. Estimated outlays are based on historical spending patterns for NRC activities.

Funding for the NRC—which totals approximately \$1 billion in 2016—is provided in annual appropriation acts. Under current law, the agency is required to recover most of its funding through fees charged to licensees and applicants; CBO estimates that such fees, which are classified as discretionary offsetting collections, will total nearly \$900 million this year.

S. 2795 would require the NRC to complete a rulemaking, by December 31, 2023, to establish a regulatory framework for licensing advanced nuclear reactors, defined in the bill as reactors that involve significant technological improvements relative to those currently being constructed. The bill specifies that any funding provided to the NRC prior to January 1, 2030, for activities related to developing that framework would be excluded from the portion of the agency’s budget that is offset by fees the NRC collects. In addition, starting in 2019, the bill would modify the existing formula used to determine the amount of such fees.

Based on information from the NRC about the anticipated costs involved with establishing the proposed licensing regime through a new rule, CBO estimates that implementing S. 2795 would cost \$47 million over the 2017-2021 period, mostly for salaries and expenses for technical experts required to develop the necessary analyses and regulations. Under the bill, such amounts would not be offset by regulatory fees.

In addition, CBO expects that the proposed change to the formula used to set regulatory fees charged by the NRC could change the amount of such fees collected in future years.

Under both current law and S. 2795, the amount of such fees would depend on the level of funding provided for a range of specific NRC activities. Because CBO has no basis for predicting how much funding will be provided for such activities in future years, CBO cannot determine whether the resulting fees would be higher or lower under S. 2795 than under current law.

Finally, S. 2795 would authorize the Department of Energy to provide grants to pay for a portion of the fees that the NRC would charge to entities that apply for licenses for advanced reactors. The potential cost of such grants is uncertain and would depend on the magnitude of fees charged by the NRC, which could vary widely based on the scope of work associated with individual projects. Based on information from the nuclear industry about the likely timeframe for processing applications for such licenses, CBO expects that any spending for such grants (which would be subject to appropriation) would occur after the 2017-2021 period covered by this estimate.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 2795 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2795 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On June 10, 2016, CBO transmitted a cost estimate for H.R. 4979, the Advanced Nuclear Technology Development Act of 2016, as ordered reported by the House Committee on Energy and Commerce on May 18, 2016. H.R. 4979 would require the NRC to develop, but not implement, a plan for establishing a regulatory framework for advanced reactors. Because S. 2795 also would require the agency to implement such a framework, our estimate of discretionary costs under the Senate bill is greater.

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